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In the Supreme Court of the United States

OCTOBER TERM, 1932.

No. 316.

THE UNITED STATES OF AMERICA, PETITIONER,

v.

DUBILIER CONDENSER CORPORATION.

No. 317.

THE UNITED STATES OF AMERICA, PETITIONER,

v.

DUBILIER CONDENSER CORPORATION.

No. 318.

THE UNITED STATES OF AMERICA, PETITIONER,

v.

DUBILIER CONDENSER CORPORATION.

ON PETITION FOR WRITS OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT.

BRIEF FOR THE RESPONDENT IN OPPOSITION.

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OPINIONS BELOW.

The opinion of the District Court (R. I, 219-230) is reported in 49 F. (2d) 306. The opinion of the Circuit Court of Appeals (R. I, 462) has, since the filing of the petition, been reported in 59 F. (2d) 381, (Advance Sheets, September 5, 1932, Federal Reporter).

QUESTION PRESENTED.

The respondent differs from counsel for the petitioner in his statement of the question presented. The record does not show that the employment of the inventors consisted generally of "research relating to the advancement of the radio art, which was within the scope of their general employment". (Petition p. 2.) It shows that in addition to calibration, measurement and testing work (R. I, 148, 193, 194) it lay in the solution of specific problems which were assigned to the inventors by their superiors. (R. I, 150; II, 462.)

Thus it cannot be stated generally that the employment of the inventors consisted of "research relating to the advancement of the radio art", but rather that it consisted, first, in the routine work of testing and standardizing instruments, and second, in the scientific solution of specific subjects assigned to them.

The question presented, therefore, is whether the employer (the Government) is entitled, in the absence of any agreement with the employees, to claim the full and exclusive ownership, as distinguished from the right to use, of inventions made during the period of employment, which the employees were not assigned the task of making, and which were unconnected with any problems which were assigned to them for solution.

STATEMENT.

The respondent is unable to agree with the statement of facts contained in the petition, and therefore submits this statement of the salient facts as found by the courts below, *viz.:*

The Bureau of Standards is a subdivision of the Department of Commerce organized for the purpose of testing and maintaining standards of measurements and solving cognate problems (R. II, 462). In recent years the Bureau has been engaged in research and testing work of various kinds for other departments of the Government and private industry (R. I, 221). At the time of the inventions embodied in the patents whose ownership is in question the Bureau of Standards was also charged by Congress with the duty of "investigation and standardization of methods and instruments employed in radio communication" for which work Congress made special appropriations (R. I, 221).

At the time in question the Bureau of Standards was divided into divisions, each charged with a specified field of activity. One of such divisions was the Electrical Division. The various divisions were further subdivided into sections. One of the sections of the Electrical Division was the Radio Section. The Radio Section was further subdivided into distinct groups. The work of each group was specifically delineated in administrative outlines of the Bureau (R. I, 221).

In the years 1921 and 1922 Francis W. Dunmore and Percival D. Lowell, the inventors to whom were granted the patents in suit, were employed as assistant physicists in the Radio Section of the Bureau of Standards. Dunmore was chief of the group of the Radio Section having to do with "airplane radio". Lowell was a member of this group (R. I, 221).

In May, 1921, the Air Corps of the Army and the Bureau of Standards entered into an arrangement whereby the latter undertook the prosecution of certain radio projects for the benefit of the Air Corps, the Air Corps transferring the necessary funds for the projects to the Bureau of Stand-

ards. One of the Air Corps projects called for a "visual indicator for radio signals" and another for an "airship bomb control and marine torpedo control by radio". Each of the projects required the design of a radio relay, that is, a mechanism for use on an airplane to receive the output from a radio receiver and to relay it to a coil on the plane which would operate either a visual indicator or a trigger. The relay required was to operate at a specified frequency upon a specified current.

In the summer of 1921 Dunmore, chief of the group to which "airplane radio" problems were assigned, without instructions or suggestions from his superiors, picked out for himself the above relay problems. A relay which satisfactorily solved the problems was completed by Dunmore in September, 1921. This relay was to be operated from direct current from a battery aboard ship (R. I, 222). There was no question of the operation of the airplane relay by alternating current which was not desired and which in fact would have been impractical and useless for airplane service (R. I, 206, 222).

Meanwhile Lowell and Dunmore, impelled solely by their own scientific curiosity, and in no connection with the airplane relay or other assigned problems or projects, but "moving outside the scope of the particular work to which they had been assigned, directed their minds to the problem of substituting house lighting alternating current for direct battery current in different branches of radio apparatus" (R. I, 222; II, 463). Dunmore conceived the idea of obtaining a negative bias on the grid of an electron tube from alternating current. He tested his idea by substituting a power pack generating alternating current in the model of the relay which he had designed for the Air Corps problems. He reduced his alternating current relay to

practice on December 16, 1921 (R. I, 223). The relay which resulted was in no way related to the remote control relay devised for aircraft use (R. I, 222). The relay operated by alternating current is the subject of Patent No. 1,635,117.

In the Fall of 1921 both Dunmore and Lowell were considering the problem of applying alternating current to broadcast receiving sets. This project was not involved or even suggested by the problems with which the Radio Section was then dealing, nor was it assigned by any superior as a task to be solved by either Lowell or Dunmore. It was a project independent of their work and was voluntarily assumed (R. I, 223). In fact work involving radio receiving sets was assigned to an entirely different group of the Radio Section of the Bureau of Standards from that in which Lowell and Dunmore were employed (R. I, 221). The invention of the radio receiving apparatus using house lighting alternating current was completed on December 10, 1921 (R. I, 223) and is covered by Patent No. 1,455,141.

Dunmore and Lowell also conceived the idea of energizing a dynamic type loud speaker from alternating house lighting current. This invention was reduced to practice on January 25, 1922. It was devised by the inventors without suggestion, instruction or assignment from any superior (R. I, 224). This invention is the subject of Patent No. 1,606,212.

Patents for the foregoing inventions were applied for and secured in strict conformity with the patent statutes. The inventions were developed by Lowell and Dunmore partly during office hours and with the use of Government apparatus and material, drawings being made for them by draftsmen employed by the Bureau of Standards. The inventors assigned their patent rights to the respondent by means of a series of exclusive licenses subject to a non-

exclusive license in the United States to use the inventions (R. I, 224, 225). Under the patent statutes the rights of the Government to the use of the inventions were fully secured.

The three bills of complaint were brought upon the theory that a contract to convey the patents was imposed upon the inventors by virtue of their specific assignment to the duty of making the inventions. Paragraph 6 in the bill, seeking the conveyance of the patent covering the radio receiving set operated by alternating current, states that—

> "In the course of his employment as aforesaid there was assigned to the said Lowell by his superiors in said radio section, for investigation and research, the problem of developing a radio receiving set capable of operation by alternating radio current . . ." (R. I, 5.)

Paragraph 6 of the bill seeking conveyance of the patent embodying the invention of the alternating current loud speaker states that—

> "In the course of his employment as aforesaid there was assigned to the said Lowell by his superiors in the radio section, for investigation and research, the problem of developing an amplifier, otherwise known as a 'loud speaker', capable of operating by alternating electric current." (R. I, 9.)

The third bill, seeking the conveyance of the patent embodying the invention of the alternating current radio relay, states in paragraph 6:

> "In the course of his employment as aforesaid there was assigned to the said Dunmore by his superiors in said radio section, for investigation and research, the problem of developing a radio receiving system operating a relay for the local or remote control of auxiliary apparatus." (R. I, 13.)

The bills thus seek to find, as a substitute for a contract on the part of the employees to assign their inventions to their employer, an assignment by their superiors to the task of making the specific inventions later patented. At the trial the plaintiff failed of its proof of assignments by superiors to the employees to the task of making the subsequently patented inventions, and it was found as a fact that no such assignments to this duty had been made (R. I, 222, 223, 224; II, 464). Having failed to support the averments of its bills by proof, petitioner now seeks to establish the proposition that an employee whose employment is concerned with research work has, by force of the employment itself, in effect entered into an agreement to assign to his employer all inventions made during the employment, regardless of any lack of assignment on the part of the employer to the employee of the task of making the inventions and regardless of their assignment to the solution of a problem from which the invention resulted (R. II, 464).

The District Court dismissed the three bills of complaint on the ground that the Government had failed to show that the inventions were made under circumstances from which a contract to assign the patents to the employer could be implied. It was conceded that there was no express contract for the assignment of the patents. (R. I, 225.)

The Circuit Court of Appeals affirmed the trial court holding that in the absence of an express contract to assign the patents, and in the absence of a specific assignment of the employees to the task of making the invention, the ownership of the invention did not result to the employer. (R. II, 465, 466.)

REASONS URGED BY THE PETITIONER FOR GRANTING THE WRITS.

First reason urged.—"The case presents a question of law of first impression in this court."

It is submitted that the question presented by the petitioner is not one of first impression in this court. We may pass the two classes of cases in which the petitioner concedes that title does not accrue to the employer, and consider the third classification mentioned which is concerned with inventions made by employees in connection with duties which involve scientific and research work,—

(a) Where the employee is specifically assigned to the task of making the invention; and,

(b) Where there is no such assignment—

in which latter class the petitioner puts the cases at bar.

In connection with category (a), it is submitted that the authorities in this Court referred to in the petition do not support the proposition for which they are cited. *Solomons* v. *United States*, 137 U. S. 342, was a case in which a person then in the employ of the Treasury Department was assigned to the specific task of devising a self-cancelling revenue stamp for which a patent was subsequently granted to him. He assigned the patent to Solomons who brought suit against the United States for royalties. This Court held that the United States was entitled to use the stamp without payment of royalties. The case did not decide that the stamp was the property of the United States, the employer, since the decision of the case merely involved the question of the right of the United States to use the stamp without payments. The opinion

nowhere states or gives rise to the inference that the ownership of the invention was in the United States. In discussing the respective rights of employers and employees in the inventions of employees, Mr. Justice Brewer, at page 346, stated that if one were—

> "employed to devise or perfect an instrument, or a means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer."

He then went on to state that where one is—

> "In the employ of another in a certain line of work, and devises an improved method or instrument for doing that work, and uses the property of his employer and the services of other employees to develop and put into practical form his invention, and explicitly assents to the use by his employer of such invention, a jury, or a court trying the facts, is warranted in finding that he has so far recognized the obligations of service flowing from his employment and the benefits resulting from his use of the property, and the assistance of the coemployees, of his employer, as to have given to such employer an irrevocable license to use such invention."

There was no question either presented or considered in that case which had to do with the ownership, as distinguished from the right to use, of the invention of an employee who was assigned the task of making a specific invention; nor did this question arise in *Standard Parts Company* v. *Peck*, 264 U. S. 62, referred to by petitioner.

There the question involved the ownership of an invention which the employee was, in a written contract of employment, specifically hired to make. This Court held that the ownership of the invention was in the employer and referred to Mr. Justice Brewer's above-quoted language to the effect that where one was employed "to devise or perfect an instrument, or a means for accomplishing a prescribed result" the fruit of his invention belonged to the employer. It should be noted in connection with the cases presented by the petition, that Mr. Justice Brewer, in *Solomons v. United States, supra,* expressly recognized that "an employee, performing all the duties assigned to him in his department of service, may exercise his inventive faculties in any direction he chooses, with the assurance that whatever invention he may thus conceive and perfect, is his individual property." (137 U. S. 346.)

With respect to category (b) in which the petitioner claims that the present cases lie, it is submitted that this is not a question of first impression in this court. *Hapgood v. Hewitt,* 119 U. S. 226, was a case in which a technical employee whose general duties involved research and inventive work was assigned to the specific task of devising a plough which later became the subject matter of his patent. The matter was raised upon demurrer to a Bill of Complaint which set forth these facts. This court held the facts did not present a case from which a contract to assign the invention could be implied.

The second reason urged for the granting of the writs. —*"The decisions in the cases at bar are in conflict with expressions of the Court in Moffett v. Fiske, 51 F. (2d) 868 (App. D. C.) St. Louis & O'Fallon Coal Co. v. Dinwiddie, 53 F. (2d) 655 (D. Md.)."*

The petitioner does not claim that the decisions below are in conflict with the *holdings* in those cases.

The action in the Fiske case was brought to recover damages for alleged infringement of a patented device for discharging torpedoes from airplanes. The suit was brought by Admiral Fiske v. Admiral Moffett and other Government officials. Judgment below was found for the complainant. The judgment was reversed on the grounds:

1. Invalidity of the complainant's patent.

2. Shopright or non-exclusive license in the Government.

The Fiske case is, therefore, plainly distinguishable from the case at bar. That case did not involve the question of ownership. It is, however, interesting to note that in its conclusion, at page 872, the Court apparently recogniged that title to the patent had it been valid, would have been vested in the inventor, subject to a non-exclusive license in the Government.

St. Louis & O'Fallon Coal Co. v. Dinwiddie, 53 F. (2d) 655. The research work in the O'Fallon case was predicated upon an express contract entered into by the plaintiff with certain German chemists named Kern, whereby, if investigation of certain processes developed or to be developed by the Kerns proved satisfactory, the plaintiff was given the privilege of an exclusive option to acquire the patents. Dinwiddie, representing the Busch Estate, brought in other scientists to aid in developing the Kern processes. The action centered on the inventions of these additional scientists while so employed. The Court found that the Kern agreements formed the basis of the employment of the additional scientists, of which agreements they

were presumed to have knowledge. The case was decided upon the authority of *Standard Parts v. Peck, supra,* and illustrates the principle therein laid down that, where an employee is specifically employed to solve a specific problem from which an invention results, a contract to assign the invention to the employer will be implied. The Court in the O'Fallon case found a contract to assign the inventions in suit. The case therefore differs materially from the case at bar in which either of the courts below found such a contract.

The third reason urged for granting the writs.—"The decisions of the Courts below are erroneous."

The rule of law sought to be established through the petition is that wherever to any extent an employee's duties involved research which may possibly lead to invention, any inventions conceived by such employee, though unconnected with any research problem which may have been assigned to him, become, by operation of law, the property of the employer. When this argument, by reason of the petitioner's failure to prove any assignment of the employees to the task of devising the particular inventions which were subsequently embodied into the patents in suit was urged before the Court of Appeals, that Court, in disposing of the argument, said:

> "This position of the Government, we discern from the drift of the argument, is really based on the factual assumption that all research work in the Bureau is primarily concerned with inventions and is so closely related to it as to be practically a part of it. We find nothing in the record or in the common meaning of the two words to suggest this identity." (R. II, 467.)

The decision of the Court of Appeals is supported by the decisions of this Court.

In *Hapgood v. Hewitt*, 119 U. S. 226, there was a demurrer to a bill which charged that the employment was one in which the employee was required to undertake research problems and to exercise inventive faculties. It further charged that he was specifically given the task of devising a special plough. This Court held that in the absence of an agreement on the part of the employee to assign his patents these facts were not sufficient to sustain a bill for the assignment to the employer of the patent on the plough.

Dalzell v. Dueber Watch Case Mfg. Co., 149 U. S. 315, was a case in which a cross bill sought the assignment of a patent by an employee whose employment included a duty "to devise and to construct various tools to be used in the orator's watch case factory in the manufacture of various parts of watch cases." In disposing of the contention of the plaintiff in the counterclaim, Mr. Justice Gray, at page 320, said:

> "But a manufacturing corporation, which has employed a skilled workman, for a stated compensation, to take charge of its works, and to devote his time and services to devising and making improvements in articles there manufactured, is not entitled to a conveyance of patents obtained for inventions made by him while so employed, in the absence of express agreement to that effect."

In *Solomons v. United States*, 137 U. S. 342, the assignee of the Government employee, who had been given the specific task of devising a revenue stamp, sued the Government for infringement. In the course of the decision Mr. Justice Brewer said that if there was a specific employment for the purpose of making a specific invention the owner

ship of the invention was in the employer. This statement, which was obiter in that case, since the question of the ownership of the invention was not presented, was specifically applied by this Court in *Standard Parts Co. v. Peck*, 264 U. S. 52, in which case there was an express contract of hiring, having for its object the making of a particular invention. This Court, accepting Mr. Justice Brewer's statement, held the ownership of the invention to be in the employer.

The petitioner relies greatly upon the case of *United States v. Houghton*, 20 F. (2d) 234, (D. Md.), 23 F. (2d) 356, (C. C. A. 4). In this case it was held that where a Government employee was taken from one employment and charged with the specific duty of experimenting with gases, in accordance with explicit directions given by the heads of the departments interested, a patentable invention which resulted from the solution of the problem became the property of the Government.

The bills of complaint in the cases at bar were framed upon the theory of the Houghton case. When proof of an assignment of the patentees to the duty of inventing the devices embodied in the patents failed, an extension of the proposition of the Houghton case to include ownership in the employer of any inventions, though unconnected with any research duties to which the inventors were assigned, was urged, and is now urged through the present petition.

In addition to the cases in this Court, above mentioned, the authorities have been uniform to the effect that such a proposition cannot be sustained.

In *Pressed Steel Car Co. v. Hansen*, 137 F. 403, (C. C. A. 3), Judge Gray, after an exhaustive review of the authorities, refused the employer's claim to ownership of a patent

upon a steel car. In that case the employee who was Chief Engineer of the employer's plant admitted that his duties involved research and improvements.

> "Q. Did the matter of devising, designing cars, or parts thereof, come within the work of the engineering department?
>
> A. Yes, sir; it did."
>
> (137 Fed. 416. Trial Court.)

To the same effect are *Ingle v. Landis Tool Co.*, 272 F. 464 (C. C. A. 3). *Amdyco Corporation v. Urquhart*, 39 F. (2d) 943 (E. D. Pa.); 51 F. (2d) 1072 (C. C. A. 3); *Texas Company v. Gulf Refining Co.*, 13 F. (2d) 873 (S. D. Tex.); 26 F. (2d) 394 (C. C. A. 5).

The theory of a suit by an employer to compel assignment by an employee of patents covering inventions made during the period of employment is that of the specific performance of a contract.

Hapgood v. Hewitt, 119 U. S. 226; *Dalzell v. Dueber*, 149 U. S. 315; *Pressed Steel Car Co. v. Hansen*, 137 F. (2d) 403 (C. C. A. 3); *Hildreth v. Duff*, 148 F. 676 (C. C. A. 3).

The obvious requisite of a suit of such a character is that there must be a contract sufficiently definite and certain to permit of its enforcement. It must likewise appear that the enforcement of the contract would be fair in the circumstances.

> "From the time of Lord Hardwicke, it has been the established rule that a Court of Chancery will not decree specific performance unless the agreement is 'certain, fair and just in all its parts.' " (Mr. Justice Gray in Dalzell v. Dueber Watch Case Mfg. Co., *supra*).

In the present case it is admitted that there was no express agreement on the part of the employees to assign

their patents; nor, as the record shows, that the employees, in the course of their employment, ever were told by anyone in authority that they would be expected to assign inventions to the Government. (R. I, 138.) In fact, Dr. Kolster, who had been the immediate superior of the inventors until shortly before the inventions in controversy were made, told one of them that this was not expected, and was himself patentee of several inventions. (Under Rule 46, R. I, 210.) The record sets forth a long list of patents taken out by employees of the Bureau of Standards, prior to the granting of the patents with which this case is concerned. (Defendant's Exhibit R. I, 215, under Rule 46.) In these circumstances it is difficult to see how the facts in this case could give rise to an implied contract, which a Court could enforce. Such a contract could not, of course, be unilateral. It must express the intention of the employee, as well as that of the employer. It is clear, upon the record, that the inventors had no intention of entering into a contract to this effect, in view of the fact that such a possibility was opposed to the practice of the Bureau, and that one of them, at least, was specifically told that the Bureau had no such requirement.

The fourth reason urged for the granting of the writs.—"The question involved is of general interest and great importance in Governmental administration."

There are two answers to this contention.

(1) There is no question of public interest involved, inasmuch as the Government as an employer differs in no respect from private employers, in so far as the ownership of employees' inventions is concerned.

> ("The Government has no more power to appropriate a man's property invested in a patent than it has

to take his property invested in real estate; nor does the mere fact that an inventor is at the time of his invention in the employ of the Government transfer to it any title or interest in it . . ., there is no difference between the Government and any other employer in this respect." Solomons v. United States, 137 U. S. 342.)

(2) The policy of the Government with respect to claims upon the inventions of employees is expressed in the Act of April 30, 1928, c. 462, 45 Stat. 467; 35 U. S. C. A. §45.[1] This Act, which was not availed of by the inventors in the present case, goes so far as to provide that upon the certification of the head of a department as to the public usefulness of an invention, a patent may be taken by the employee without expense to himself, provided the right of use is reserved to the Government.

WHEREFORE it is respectfully submitted that the petition should be refused.

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E. ENNALLS BERL,
Solicitors for Respondent.

JOHN B. BRADY,
Of Counsel.

September, 1932.

[1] The text of the statute is set out in the appendix hereto.

APPENDIX.

Act of April 30, 1928, 35 U. S. C. A. § 45.

"§45. Same; issue to Government officers for inventions used in public service. The Commissioner of Patents is authorized to grant, subject to existing law, to any officer, enlisted man, or employee of the Government, except officers and employees of the Patent Office, a patent for any invention of the classes mentioned in section 31 of this title, without the payment of any fee when the head of the department or independent bureau certifies such invention is used or liable to be used in the public interest: Provided, That the applicant in his application shall state that the invention described therein, if patented, may be manufactured and used by or for the Government for governmental purposes without the payment to him of any royalty thereon, which stipulation shall be included in the patent." (As amended Apr. 30, 1928, c. 460, 45 Stat. 467.)